

*Student Research*

*Case Studies in Agribusiness*

---

*California Polytechnic State University San Luis Obispo* Year 2015

---

Driscoll's: The Global Brand

Jesus Morales\*

Edgar Lopez†

Noah Lilien‡

Jack Stradley\*\*

\*Agribusiness, Cal Poly San Luis Obispo

†Agribusiness, Cal Poly San Luis Obispo

‡Agribusiness, Cal Poly San Luis Obispo

\*\*Agribusiness, Cal Poly San Luis Obispo

This paper is posted at DigitalCommons@CalPoly.

[https://digitalcommons.calpoly.edu/agb\\_cs/16](https://digitalcommons.calpoly.edu/agb_cs/16)



**California Polytechnic State University/ San Luis Obispo/ Agribusiness Department**

**June 10, 2015**

## **Driscoll's: The Global Brand**

Jesus Morales, Edgar Lopez, Noah Lilien and Jack Stradley prepared this case study under the supervision of Dr. Wayne Howard in AGB 462 Applied Agribusiness Problems as the basis for class discussions rather than to illustrate either effective or ineffective management by Driscoll's.

### Intro

The following case study will illustrate how the Driscoll's company started, and all the phases that it went through in order to be the biggest berry growers in the world. This case study is a comprehensive one that covers all the most important subject matters in agriculture from production to food safety and traceability. In addition, it shows how managing employees well results in the success of a business. Furthermore, this case study will portray how Miles Reiter, whom lived on a raspberry farm growing up came to be the biggest berry grower. Reiter has always been a determined individual who always knew what he wanted to do. That is be a farmer, and this is something that he does extremely well. The first money that Reiter ever made was selling raspberries at twenty-five cents a can. From that point on, Reiter discovered the love for agriculture and the thrills that this ride brings with it.

## Mission Statement

Although the vision of Miles Reiter to become the world's berry company was accomplished years ago, he claims that Driscoll's true mission is to continually delight berry consumers through their growers and customer alignment within their supply chain. Reiter truthfully believes that if you are able to delight your berry consumers, they will become loyal to Driscoll's. This has been the philosophy and strategy adopted decades ago that has placed Driscoll's to be the biggest berry producers in the world. Furthermore, another strategy within Driscoll's mission is to enrich the lives of everyone that they touch, with these two strategies you will develop a personal connection with people, rather than a business one.

## Driscoll's Founding and Early History

The history of Driscoll's really starts back in the late 1800's when current CEO of Driscoll's Miles Reiter's grandfather, Joseph Reiter, married a Driscoll family member. Joseph Reiter and his brother in law, R.O. Driscoll, then started the company by growing strawberry fields in the Pajaro Valley where they sold strawberries in the local market.

A revolutionary occurrence happened in 1904 when the two brothers-in-law planted their first unique and new variety of strawberry called the "Sweet-Briar-Berry" along the Sacramento River. This type of berry was superior due to the fact that it embraced different genetics than typical berries and it paved the way for Driscoll's to develop their unique varieties of berries in the future. Another key development made by Driscoll's was their consumer branding that started around the early 1900's. The way that branding worked was that banners were put over every crate of the new berries they sold; therefore people would know Driscoll's new variety and

taste. This was revolutionary in varietal differentiation, brand recognition and generated the development of the strawberry industry in California. Moreover, in 1906 Driscoll's incorporated new shipping techniques and were the first to ship by rail in iced cars.

By 1915 Driscoll's diversified their berry business and incorporated blackberries to their portfolio. A few years later they developed a co-op called the Central California Berry Growers with a couple of other growers. Then in 1937 Driscoll's made a deal with UC Strawberries and began growing raspberries on the side. Miles Reiter grew up on a raspberry farm composed of fifty-acres, but by 1971 roughly four acres of their raspberry crop remained. Around this time, a major hit occurred to the strawberry industry as World War II was occurring and most of the strawberry fields were abandoned for use of internment camps. The Reiter's were the only people growing strawberries in California during that time, according to Miles Reiter.

In addition, in 1944 breeding occurred when the Strawberry Institute was founded, and was dedicated to researching breeding techniques for growing superior varieties of strawberries. In 1966, Reiter merged with Driscoll's to make a company that was dedicated to research, breeding, production, sales, and distribution. In 1971 they were shipping under the common label of Driscoll's. Then in 1980 Driscoll's first attempt to brand their berries in the store was a success when they put their berries in a recognizable yellow basket with "Driscoll's" written on the side.

In 1989 Driscoll's made a big decision to incorporate the four main types of berries, as before they were just selling blackberries and raspberries on the side. In the early 1990's Driscoll's started selling blueberries and they adopted an innovative clam-shell packaging that was introduced into the marketplace. That clam-shell package is the same one that is used today. It is the year two-thousand and Miles Reiter takes over as chairman and CEO of Driscoll's. With

Reiter as chairman, he has brought new ideas and innovative thinking that sets Driscoll's to be the world's greatest berry suppliers and one of the most successful Agribusiness in the world.<sup>1,2</sup>

### Current Sales and Business Scope

When Ned Driscoll found and established Driscoll's in 1944, the scope of employment amounted to him along with a few other workers. Upon Mr. Reiter's inauguration with Driscoll's in 1971, the entire operation utilized 300 acres in Oxnard, between 300 and 400 acres in Santa Maria, around 200 to 300 acres in Salinas, and about 1,500 acres in Watsonville all geared towards the production of strawberries. In 1989, Driscoll's affirmed the decision to exist as producer of the four berries it currently continues to successfully deliver to its loyal consumers. Compared to the commerce in 1971, the company's prosperity today is about 100 times greater in terms of sales as it holds the largest market share in North America for three of the four berries, excluding blueberries. On the international level, it is the market leader for each of the four fruits in Australia along with substantial development in Europe and growing expansion in Asia. For precise information on acreage breakdown by region and berry, please refer to Exhibit 2.<sup>1</sup>

The breakdown by berry for Driscoll's total sales revenues today is as follows: strawberries constitute 45%; raspberries follow with 40%, and lastly blackberries and blueberries summing up the remaining 15%. Over the course of the last five years, Driscoll's has exhibited fruitful progress in organic berry production as it presently accounts for 15% of the company's commerce. Of the multi-billion dollars in annual earnings, the growers receive 82% of it, while Driscoll's nets the outstanding 18%. Currently, the number of full-time staff ranges from 1,500 to 1,800 just in the Watsonville region; including the temporary and seasonal workforces. The

company averages approximately 3,700 employees just in North America. When employment reaches its highest peaks in its nurseries, Driscoll's employment size reaches up to roughly 6,000 workers just in the Watsonville region. Throughout the duration of the year, Mr. Reiter estimates to occupy about 100,000 personnel associated with Driscoll's success on a global scope.<sup>1</sup>

#### Strawberries Industry Overview:

The U.S. strawberry industry has increased in consumer consumption at a higher rate than any other fruit in the last two decades. Strawberries are available year round, which successfully supplies the increased demand for them. Demand for strawberries has increased due to the increased awareness of its health benefits. Strawberries are full of fiber, essential vitamins, minerals and nutrients like vitamin C, folate, iron, potassium and calcium. Strawberry plasticulture is the cultural practice used to grow strawberries commercially.<sup>3</sup>

The plasticulture system involves having strawberry transplants planted on raised beds that are covered with black, grey, or white plastic mulch. The transplants are breed and grown in nurseries. The plants are normally set in two and four rows per bed. Plants are spaced 12-14 inches apart with staggered pattern in-between rows varying by variety or grower preference. With this system, plant densities vary from 15,000 to 17,500 plants per acre. Strawberry plants are planted yearly to maximize fruit size, quality, and yield. Strawberries can grow and produce in many types of soil. Sandy loam and sandy clay-loam soils are the ideal soil types with a pH of 6.0 to 6.2. Strawberries require a continuous supply of water so a drip irrigation system is put in place.<sup>4</sup>

The United States is the largest producer of strawberries in the world. The U.S. produced 36 billion pounds of strawberries, accounting for 29% of the world's strawberry production. In

addition, Spain accounts for 11%, Turkey 7%, Egypt 5%, and Mexico 5%. Out of all the strawberry production in the U.S in 2012, fresh strawberries account for 80% of production at 30.1 billion pounds and processed strawberries account for 20% of production at nearly 6 million pounds.

Most strawberries are grown in the coastal regions of California because of the favorable conditions to be able to produce year-round. In 2012, California harvested 36,500 acres of strawberries, 69% of U.S. acres harvested. Florida harvested 8,700 acres (15%), Oregon harvested 2,000 acres (4%), and North Carolina harvested 1,500 acres (3%) to round out the top states respectively. When it comes to production, California produced 2.73 billion pounds (91% of U.S. production) of strawberries in 2012. Florida produced 182.7 million pounds (6.1%), Oregon produced 21.3 million pounds (0.7%), and North Carolina produced 20.3 million pounds (0.7%) of strawberries in 2012. U.S strawberry production has increased 23% in the last 5 years. Production in California and North Carolina has increased by 28% and 1% respectively in the last 5 years. Production in Florida and Oregon has decreased by 13.5% and 13.7% respectively in the last 5 years. <sup>5,6</sup>

### Raspberries Industry Overview

Raspberries are regarded as a challenging crop to grow, due to the capital intensive associated with establishment costs along with the substantial amount of labor required to cultivate a quality product. When it comes to production practices, an abundance of water is essential for the health of raspberry plantings since they thrive in loamy soils that provide for ample drainage. Given the suitable growing conditions and extensive labor, raspberries will usually produce for a several years and can occasionally bear fruit for up to a decade.

The two raspberry plant types are categorized based on the time of year the berries are yielded. The first variety is the most popular “summer-bearing” that delivers raspberries solely during the summer. While the second variety can produce a harvest during the summer, the ever-bearing variety is notorious for fruiting during the fall. Aside from the varying seasonality in production, raspberries are also distinguished by the four colors they are produced in: red, black, purple, and yellow or golden.

The United States is the world’s third-largest producer of raspberries. The leading raspberry producing states include Washington, Oregon, and California. While California’s yield per acre is well above the national average, the U.S. yielded around 10,000 pounds per acre, which produced over 182 million pounds. The total U.S. raspberry acreage in 2014 was 18,050 and was valued at around \$389 million. Of all the raspberries harvested domestically, approximately three quarters are characterized as red with a majority being utilized in processing. Some of the most commonly produced raspberry varieties from all four colors include: Anne, Autumn Bliss, Boyne, Brandywine, Bristol, Encore, Fall Gold, Heritage, Jewel, Killarney, and Royalty.<sup>7,8</sup>

#### Blueberry Industry Overview:

Blueberries are the second most consumed berry in the United States behind strawberries with a total crop value of \$875 million. They are not only popular in consumption, but they are one of the fruits that are high in antioxidants. Antioxidants have been proven to reduce the risk for many diseases including: heart disease, Parkinson’s, and cancer. Additionally, blueberries are a good source of Vitamin C and K.

Blueberries are a growing commodity as production has increased every year since 2002. Now there are over 500 million pounds of blueberry in production every year. The leading state



in berry production in 2012 was Michigan at 87 million pounds. 84% of the U.S. blueberry production is of cultivated berries.<sup>9</sup>

Prior to the 1900's, blueberries were only found in the wild and could not be grown until scientists discovered a way to cultivate them. Blueberry bushes normally produce for up to 20 years and reach full production after six years. There are three types of blueberry bushes: the high bush, low bush, and half-high. These three types are better at certain climates and produce different tasting berries, but all must be grown in fairly acidic soils.

Select blueberries that are dry, plump, round, and devoid of dents and bruises when purchasing at local stores and markets. Naturally, blueberries should have a white coating called a bloom that is a natural defense mechanism from the sun's harmful rays. Blueberries should be kept dry and refrigerated this way they can last five to seven days. At the same time, blueberries should be rinsed before consuming but not rinsed before freezing them.<sup>10</sup>

#### Blackberry Industry Overview:

Blackberries are generally referred as cane-berries, which includes all berries that grow on a cane. They are among the easiest of all fruits to grow. If this fruit is well irrigated and managed, the plants may be fertile for as much as ten years, and then new plants must go in the ground. At its culmination, plants may produce up-to twenty-thousand pounds per acre.

Blackberries are well-known to produce optimal yield when plants are fixed in sandy-loam soil that may contain organic matter. Moreover, an optimal site where the blackberries can be planted is in a north-facing slope, due to the fact that this strategy will protect the plants from southwest summer winds that can be fatal. There are three different ways to grow blackberries: erect, semi-erect and trailing growth habitat. The type that growers prefer the most and that fits commercial

purposes best is the erect one, due to the fact that it has higher yields, and at the same time this type of berry is less labor intensive from the other two types. <sup>11</sup>

The state of Oregon currently dominates in the production and cultivation of blackberries in the United States, with production reaching quantities of up-to 53.4 million pounds in just 7730 acres. The most popular Blackberry varieties that consumers prefer and the ones that growers tend to favor most (because these tend to have higher yields) are the following: Apache, Arapaho, Chickasaw, Kiowa, Natchez, Navaho, Ouachita, Prime-Jan, Prime-Jim, and Shawnee. These varieties have a different seasonality, also a different optimal growing climate.

### Driscoll's Berries and Supply

#### Blueberries

Driscoll's blueberries were adopted just three decades ago. Their blueberry production began in the early 1990's and they are the newest berry to join the Driscoll's berry family. Every blueberry variety that Driscoll's grows has its own unique name and flavor. Driscoll's has now even patented several blueberry varieties that only their licensed growers can grow.

Blueberries are grown all over North and South America by Driscoll's in states such as: Oregon, Washington, Florida, California, New Jersey, and North Carolina. Other regions include South America countries such as: Chile, Mexico, and Argentina. <sup>10</sup>

#### Flavor & Nutritional Values:

Blueberries are sweet, juicy, and are packed with natural vitamins and antioxidants. It was originally thought that blueberries weren't as healthy for you as other fruits because of the lower Vitamin C levels than some other berries and fruit. However, recent studies have found that blueberries have plenty of nutritional benefits. Some of these benefits have shown to

improve nighttime vision, as well as restoring vision when exposed to glare. Most importantly, blueberries have shown to reduce short term memory loss that comes with old age or Alzheimer's disease.<sup>10</sup>

## Recipes

There are a multitude of recipes incorporating blueberries. The following are just a few recommended by Driscoll's: blueberry muffins, blueberry-balsamic glazed rosemary chicken, blueberry banana nut bread, and a blueberry banana smoothie with avocados and spinach.<sup>10</sup>

## Raspberries:

In order to successfully fulfill the widespread consumer demand, Driscoll's strategically grows raspberries in various geographic locations allowing it to maintain a consistent supply throughout the year. These family farms were selected based on their ideal soil types and growth environments that help ensure the superior quality of the berry. The conventional raspberries are grown in Watsonville, Salinas, and Santa Maria and are available from April through December. On the other hand, Driscoll's is able to produce raspberries year-round in Oxnard.<sup>12</sup>

Moving outside of California, Driscoll's also operates raspberry production in areas of Mexico including Baja California, Jocotepec, and Los Reyes. Though the raspberries grown in Baja California are available from January to June and September through December, the other locations in Mexico have the same accessibility aside from the months of June and September. Meanwhile, Driscoll's organic raspberry operations have the same seasonality domestically as well as internationally. With the multitude of farms providing a steady supply of raspberries, Driscoll's is able to achieve its overarching goal of delighting the consumer.<sup>12</sup>

## Flavor & Nutritional Values:

Driscoll's raspberries have a burst of sweet flavors and provide essential nutrients for human health. These raspberries contain lots of fiber and vitamin C along with other important nutrients like iron and calcium. Recent studies have shown that red raspberry consumption has the power to potentially prevent cancer. Other research has shed light on the raspberry's vitality in promoting heart health and inhibition of cardiovascular illnesses.<sup>12</sup>

## Recipes:

While raspberries are a delicacy on their own, Driscoll's demonstrates a number of recipes in which the berries can be incorporated into. The following recipes are recommended by Driscoll's: raspberry-orange muffins, decadent chocolate raspberry cheesecake, coconut raspberry health bars, hot spiced raspberry cider, and raspberry jam.<sup>12</sup>

## Blackberries:

Driscoll's Blackberry production is well aligned with the customers' necessities and demand, meaning that Driscoll's will grow Blackberries throughout the world in order to have enough supply year round to satisfy their customers. The following list will show the different places in the world that Driscoll's grows its Blackberries in order to supply their customers and delight them. These places all have something in common with respect to the climate and soil type that enhances the growth of the Blackberry to its highest quality. In California, conventional Blackberries are grown in Watsonville, Santa Maria and Oxnard. The availability in these places goes from May all the way to mid-October. Then the growing season in the states of Washington and Oregon follows. In these two states the availability is in the months of August through

November. Other production states in the United States include Georgia and North Carolina. Production in these states is from May to August in both. <sup>13</sup>

After production in the United States culminates, operations shift to the country of Mexico, where production includes the following states: Michoacán, Jalisco and Baja California. The availability in these states is from January through May, and from October through December. Organic Blackberries are also grown in Watsonville, Oxnard, Michoacán, Jalisco, and Baja California. The production and availability is the same as the conventional Blackberries. By having this type of production schedule, Driscoll's pledges year round supply to their loyal customers. <sup>13</sup>

#### Similar Climates:

The climate in these growing cities, states and countries mentioned above is relatively the same. This is a primary advantage when growing Blackberries because plants do not have to be re-adapted to new climates and regions. The climate that is found in all these cities, states and countries is a coastal tropical climate with an average temperature of about 28°C (82°F). Other regions have a milder climate, such as the state of Baja California with an average temperature of about 22°C (71°F). Apart from that, the rest of the growing places relate in the climate temperature.

#### Flavor & Nutritional Values:

Driscoll's Blackberries have a deep-dark color and rich flavor. Their blackberries are high in fiber, folate, and vitamin C, as well as other essential nutrients. Currently the demand for Blackberries is up all over the world due to its positive benefits on health. Recent studies show that blackberries have one of the highest antioxidant contents per serving of any food tested. This means that regular consumption of blackberries may have a positive impact on health, athletic

performance and disease risk. In addition, studies have shown that Blackberries were recently identified as a top cancer fighter. With these new findings, demand has been increasing since 2009 and is expected to keep increasing. The current price of fresh Blackberries is \$ 1.56 and \$0.75 for processed berries per pound. The prices have seen an increase since 2009 when they \$0.82 for fresh berries and \$0.52 for processed per pound. <sup>13</sup>

#### Recipes:

Some of the most delicious and family oriented recipes that Driscoll's recommends are the following: Blackberry pie, Swirled Blackberry Cheesecake, and for those who are over twenty-one they can enjoy a delicious Blackberry Mojito, and Blackberry Mint Iced Tea, just to mentioned a few samples from a long list of delicious delicacies that come from Blackberries.

#### Marketing Strategy

Miles Reiter truly believes in his mission to continually delight his berry consumers. This is the main reason why Driscoll's has a very effective and diverse marketing system. Their marketing strategy is extremely effective as they are the principal berry company in California, despite spending only 0.5% of their sales revenue towards marketing. The company's current marketing strategy is heavily concentrated on the internet via their website and social media.

The Driscoll's website has compound company information from nutrition facts to company history. A main component of their website is a berry blog that is abundant with articles on different berry recipes and news on the berry industry. The blog also lets customers and berry enthusiasts subscribe to receive email news, exclusive recipes, and special offers. In addition, the Driscoll's Facebook page has over 340 thousand followers where they post similar

content as to their berry blog. Another social media platform Driscoll's utilizes is YouTube. They have posted over 70 videos of Driscoll's television cameos and cooking shows that teach consumers the diversity of recipes that one can make with berries. Online sweepstakes are another social media marketing tool that is used by the company. They are constantly having contests and drawings that engage the berry community and their customers. Driscoll's also uses other social media and the company in order to have customers and consumers keeping up with the current generation and current technologies that have helped Driscoll's remain one of the top berry producers. <sup>14</sup>

Their social media accounts and current marketing strategy aim to target heavy and super-heavy berry consumers and purchasers. Driscoll's purchases a lot of consumer and retail data that in turn lets them breakdown consumers into categories of light, medium, heavy, and super heavy consumers of berries. These people tend to have an annual income greater than \$75,000 which is logical to say that higher income individuals tend to purchase more berries for their deliciousness and health benefits. Organics has brought in a different target market for Driscoll's as it is directed towards young families and older people. Nearly 15% of their sales now are organics and the number continues to grow. With the goal of increasing their organic production, Driscoll's wants to make organics inexpensive and more affordable in the near future. Organic berries have a stronger customer loyalty than conventional berries do, and Miles Reiter believes that organics can be very profitable if the company implements and invests the right amount of capital and the right ideas to expand this market. <sup>1</sup>

## Operations and Production of all Berries

### Research & Development

Driscoll's main mission is to grow the finest berries in the world. They have an advantage over their competitors by being able to invest and commit in research and development.

Driscoll's uses natural cross-pollination techniques to create their patented varieties. For example, Driscoll's does not genetically modify their plants or use irradiation. The factor's Driscoll's looks for in a variety that's ready for production are good flavor, good appearance, resistance to disease, and long shelf life that's able to ship well and still arrive fresh for the consumer. Their main focus is to delight the consumer and this mission is applicable to their research and development.

Each year Driscoll's produces thousands of potential seeds that are considered for production but only the top 1% of those seeds becomes a potential plant for commercial production. After this process, Driscoll's runs farm trials in different soils, geographic locations and other variables to continue to test the berries, this testing serves as simulations. According to Miles Reiter, it takes about five to seven years to get a new strawberry variety that is ready for commercial production. About 10% of their sales are dedicated to investing in research and development. These Driscoll's varieties are only available to the independent grower, meaning the grower licensed by Driscoll's. The independent grower then takes on the responsibility to grow and harvest the berries.<sup>15</sup>

### Nursery

Once a variety is chosen, Driscoll's grows their varieties in nurseries that are strategically located based on isolated geographic regions where the soils are free of pests and disease. The



selected seeds are grown in a germ-free green house. After the seeds reach a certain size in the green house, the seedlings are planted and grown in nursery fields, which can take several years. The seedlings are then harvested, packaged, and shipped to the distribution coolers to hibernate until the grower gets them and transplants them in their own fields. The action of digging up the nurseries is when Driscoll's is at peak employment with 5,000 to 6,000 people at each growing region. This high employment is due to the very labor intensive process that this growing-phase requires. <sup>15, 1</sup>

### Growing

Although Driscoll's is the world's largest berry producers, they are not involved in the growing of their berries. Independent growers that are licensed through Driscoll's have a contract to grow all of their berries under the Driscoll's brand-name. Driscoll's owns the plant and the fruit and license them to the growers. The growers are entirely responsible for the growth and harvest of their respected berries with their own investments. "This system is designed for profitable and differential profitable so that the grower wants to be part of Driscoll's, with hopes that they want to come back with Driscoll's and reinvest their earnings that came with their 80% to invest and grow," according to Miles Reiter. <sup>1</sup>

Miles realizes that if a grower puts their own capital into growing the berries, then they will actually care more about their operation. People care more if their own money is involved and at risk. This allows Driscoll's to focus on improving their technology, like the genetics, processes around production, product handling, and marketing. A grower has access to all of this equipment through Driscoll's. This helps Driscoll's keep their focus on delighting the consumer by always trying to improve the product. The grower gets about 80%-85% of Driscoll's sales. This makes the grower act like a service provider. Through organic growth between growers and

Driscoll's over the last decades, both the grower and Driscoll's have been able to become the leading berry producers in the world. "What's important for Driscoll's is for the grower to be a reliable supplier with high quality berries and for customers to believe in the same philosophy of using berries, which have become important to retailers, as a differentiating offer," said Miles. <sup>1</sup>

In addition, the grower then has the challenge of actually farming which requires a lot of labor and inputs. Berries must be laid out on the right slopes with the proper spacing to ensure good irrigation. Driscoll's supplies the grower with certain varieties based on what they want the grower to grow for them. There are berry varieties that are bred for size and some varieties have a longer shelf life that can withstand being shipped around the world. Driscoll's has berries producing in different geographies and regions to ensure that they have fruit available year round, to ensure customers year round supply. For example, the following graph shows the months of production of strawberries in the different regions. <sup>1</sup>

Strawberries take 30 days to mature from flower to fruit then are harvested every 3 days from that point on until production stops. Strawberries are planted every year. Raspberry plants can last 2 years in the ground. Blackberry plants can stay in the ground for 5-6 years and blueberries can stay in the ground for up to 15 years. <sup>1</sup>

### Delivery

Driscoll's wants to deliver the freshest berry to the consumer. They have many cooling facilities in the regions that they grow their berries in and a process for ensuring that consumers receive the best possible product. Berries are hand-picked in the field and delivered to the many cooling facilities that are available. Driscoll's has 4 main cooling facilities in California.

They are in Watsonville, Salinas, Santa Maria, and Oxnard. These cooling facilities are strategically placed near where the berries are grown to ensure freshness. Once taken to the coolers, the berries are tagged and inspected for quality. Miles stated, “The grower has an average score at the end of the week and the better the score the better the pay for that fruit is and vice versa.” This incentivizes the grower to focus on producing a good quality berry, which correlates with the ultimate goal of delighting the consumer. Once inspected, the berries are put in coolers that have an average temperature of 33 degrees F and are distributed to retailers as soon as possible. <sup>16</sup>

#### SUSTAINABILITY:

“Combined with supplying berries that truly delight consumers, we have the opportunity to make a very real contribution to the health, prosperity and sustainability of future generations.”

– *J. Miles Reiter, Chairman*

#### Water and Farming in the Pajaro Valley & Watsonville

Even though Watsonville California is Driscoll’s main headquarters, The Pajaro Valley has been Driscoll’s berry-growing home for more than one-century. In 1870, the first strawberries were planted in the Pajaro Valley to be sold in local California markets. With agriculture being the largest business sector, The Pajaro Valley employs thousands of agricultural workers. The soil in this area is rich and fertile, and it has supreme climate conditions. The challenge that Driscoll’s currently encounters is the following: “Pajaro Valley’s primary water source is groundwater, which is in a state of severe overdraft. On an annual basis, groundwater is being pumped at twice the rate that the aquifer can safely withstand. As a result

of over-pumping, seawater intrusion (which has been an issue since the 1950s) continues to worsen, diminishing and contaminating the basin's water supply".<sup>17</sup>

### Measures taken by Driscoll's

With Pajaro Valley being the primary environmental task in mind, Driscoll's current goal is to improve the water quality and levels, this way they can guarantee that agriculture will continue to prosper in the Pajaro Valley. How will this project be done you may ask? Well, according to Miles Reiter, this is a project that requires long-term planning, leadership, collaboration and innovation. At the same time, Reiter knows that this is not a one-company project, therefore the community, colleagues, independent farmers and even the competitors need to get on board in order to be successful. The following are personal measures and implementations taken by Driscoll's in order to lead by example:

- Establishing a formal forum for dialogue and collaborative projects with more than 50 community leaders and stakeholders
- Conducting water use research and data collection
- Piloting irrigation technologies and efficiencies
- Conducting farmer irrigation trainings and extension
- Researching nutrient management and leaching
- Partnering with farmers, the Resource Conservation District and Sustainable Conservation to develop performance-based incentives to reduce water use and improve water quality
- Creating the first private groundwater recharge project in collaboration with the University of California, Santa Cruz

## Green Teams:

Green Teams are employee-led groups throughout North America that work on projects to reduce Driscoll's environmental impact. The program builds a culture of sustainability, creates awareness, offers opportunities for education and leadership and it involves alertness in people's everyday jobs.<sup>18</sup>

### Green Teams: Globally Building a Culture of Sustainability

- **Rain Water Catchment:** All of Driscoll's distribution centers in Mexico are equipped with rain water barrels. These barrels collect as much rain water which is used for landscaping, cleaning and maintenance. The distribution center located in Zapotiltic, in the state of Mexico was the first one to fully adopt this method of being completely water self-sufficient as of the year 2013.
- **Energy Efficiency:** Another important role of the Green Teams has been to help audit all of Driscoll's buildings for energy use. Therefore, leading to the installation of energy efficient lighting, skylights and solar technology. This way energy in buildings with these technology advances is reduced by a great amount.
- **Reforestation:** In order to keep the environment healthy and sustainable, numerous Green Teams in Mexico and in California have started at least one small nursery in everyplace that Driscoll's is found. The main purpose is to establish and prepare local tree and plant varieties—many of them endangered—for use in community reforestation efforts. The Green Teams collaborate with local officials and schools on these projects. This way the community is aware, as well as involved in their own community.

- **Composting & Fruit Donation:** An interesting activity that Green Teams in Mexico are working on is that they have started composting food scraps. The food or berries that do not meet the quality criteria that Driscoll's demands becomes compost. This compost food is later on used for onsite landscaping. In addition, Fruit that doesn't make it to market can still serve our communities. Teams in California-Santa Maria, Northern District, Oxnard; Dover, Florida and Mexico donate fruit to local kitchens, schools and to local cattle ranchers to feed their cattle.
- **Office Paper Reduction:** An important goal that Green Teams have proposed themselves is to reduce paper utilization in each Driscoll's facility. The main goal is to reduce paper utilization by 30% in each facility. This goal will be achieved through educating employees, as well as changing the network settings. For example, ways to reduce paper in an office can include- printing on both sides and using electronic services to exchange documents.
- **Trash and Graffiti Abatement:** A very important action that involves the community as a whole is that in Watsonville California, Green Teams regularly gear-up with gloves, bags, buckets and paint. The Green Team which include office employees in this area, spend a day or two cleaning up the Watsonville Wetlands, which is a wonderful bird and fish sanctuary right outside our corporate offices. This action is not only helping clean the streets, but it is also setting an example to the community and competitors that Driscoll's cares greatly about the community, and its integrity. <sup>18</sup>

### Organic Farming

All farmers face the same challenges: nourishing their crops, controlling weeds and protecting their plants from diseases and pests. Organic farmers respond to these everyday challenges differently, with agricultural practices that restore, maintain and enhance ecological

balance. Organic techniques manage soil health, weeds and pests naturally, utilizing no synthetic fertilizers, pesticides, herbicides or other prohibited materials. Driscoll's work closely with their independent organic farmers to find new and innovative organic farming practices. Some of the tools in their organic farmers' toolkits include crop rotation, beneficial insect management and the use of cover crops and compost.<sup>19</sup>

### Food Safety & Quality Assurance

Driscoll's customers expect nothing but the highest quality berries. That is the primary reason why Driscoll's berries are grown, harvested, and distributed with the highest standards of care, independently of their country of origin. Driscoll's follows a stringent routine of auditing all of their farms, crews and facilities world-wide to ensure that they meet food safety rules in each country that their berries are grown.

The way that Driscoll's pledges the highest quality and freshest berries is by having highly trained employees in the fields where berries are being harvested inspecting each batch of berries to ensure that these are fresh and delicious by the time they reach consumers. Once the harvested berries pass the strict inspection, they are immediately transported to a cooling facility without being touched by another inspector. This essentially prevents the berries from being bruised or maltreated. After the berries arrive to a cooling facility, it will be matter of hours before they are distributed to their final destination.<sup>16</sup>

### Traceability

After food safety, traceability is one of the more important topics in agriculture. Due to the importance of this topic, Driscoll's acknowledges that their customers and the final consumers are interested in knowing about the berries background and the agricultural practices

that were utilized. As a response to this interest by customers and final consumers, Driscoll's has implemented a product traceability practice known as "Follow-Us to the Farm".

Under this traceability practice, customers and consumers will have the ability to enter a 12-digit code in their phones or computer, and be able to literally follow their product to the region where it was grown, and the practices that were used. In addition, customers and consumers will find exciting information about their product such as nutrition information, recipe ideas and even helpful tips about their product. In the rare event of a product quality concern or recall, Driscoll's can rapidly recognize the product source, such as the farm or region grown. Moreover, Driscoll's will do a thorough investigation and if it is necessary, will retrieve the entire product affected within the supply chain.<sup>20</sup>

#### Follow Us to the Farm

Under Driscoll's "Follow Us to the Farm" Program, customers and final consumers will be able to follow their package of fresh berries back to the farm where they were grown. Driscoll's berries come from family farms throughout the world, in growing regions carefully selected for their soil, climate and other environmental factors.<sup>20</sup>

#### Driscoll's Culture

Driscoll's is by far the largest berry grower and supplier in the world. They currently hold operations in over 18 countries that include 5 continents. The company offers abundant job positions that include: Research and Development, Supply Chain, Human Resources, Marketing, Sales, Production and much more. The company's culture mainly focuses on innovation, excellence and collaboration, while maintain a very fun and family oriented environment. The



company culture is achieved by following these three steps: 1) Passion 2) Humility 3) Trustworthiness.<sup>21</sup>

### Passion

In the short time that we (my group) spent with Miles Reiter, we noticed how passionate he is about growing berries and agriculture in general. It is a passion that has helped Driscoll's not only become the biggest berry growers in the world, but also have great success doing so. This passion is seen in every employee in Driscoll's facilities, whether it is in an office or in the actual field. It is a passion to excel and accomplish great things individually and as a company.

### Humility

Every employee at Driscoll's understands that humility is the primary attribute that one should have in order to be successful not only in life, but also in the workplace. At Driscoll's every employee respects one another, and at the same time they all learn as much as possible from one another. In addition, employees feel appreciated and they know that they are part of a family oriented team environment.

### Family & Trustworthiness

Driscoll's work environment is a fun one as employees describe it. They feel that Driscoll's is the best place where they have worked at for many reasons. One of those reasons include feeling cared for and feeling part-of a family. The employees feel proud of telling other people where they work and of the product that the company conveys. In addition, employees feel connected to each other, they believe in the company's Mission and Values and they feel that the work environment is flexible. As one employee said "working at Driscoll's is fun! Driscoll's is a family".

## Driscoll's Benefits

Apart from having a fun and family oriented work environment, Driscoll's offers their employees a comprehensive package of benefits designed to aid them in their financial, healthcare and lifestyle goals. Driscoll's benefits include health and wellness insurance that includes: dental, vision and prescription drug coverage. In addition to health and wellness insurance, Driscoll's offers full-time employees a 401(k) plan with matching contributions and profit shares after five years of employment. Moreover, an important benefit is that Driscoll's will reimburse tuition to those continuing their academic careers. Furthermore, Driscoll's has a reimbursement program for the following acts of kindness of their employees: 1) they match charitable gifts donations; 2) they have a dollar for doers program, 3) school support, 4) Product donations. If an employee enhances in any of these acts of kindness, they will be fully reimbursed for their generosity and energy. Employees are also given product discounts in any sort-of product purchases within Driscoll's products.<sup>21</sup>

With the way the berries are grown through multiple growers, the growers sometimes feel like they are in competition with each other. Information doesn't get shared in between growers even though they all grow for the same company. It's a mentality that American farmers have, to stick with what they know because that's what has worked in the past. With resources being at a low and the company looking to be more efficient, it could be to their advantage to learn from each other, especially from operations around the world. Miles feels like the company in the US can really learn a lot from Europe. The problems with inefficiencies in production have already been dealt with in Europe thanks to their high investment in technologies. This is something the US is still behind in. Miles believes that both parties can exchange information better in order to

make the overall mission better. Driscoll's has done a lot to expand their global brand but there is always room for improvement.

## Challenges

### Labor

Like many other intense labor jobs, Driscoll's is having trouble recruiting people to harvest the fruit. Picking strawberries requires you to be bent over all day. It is a physically demanding job. To combat this, Driscoll's and other companies in the industry have turned to the H-2A program. The H-2A program allows companies to bring in nonimmigrant foreign workers. According to Miles, there's zero margin with H-2A programs. It's an expensive program because housing and transportation must be provided.

Another idea Driscoll's had was to recruit high school students to come harvest in the summer. This wasn't a reliable source. High school students did come out initially but then quit due to the physical demands of the job. Miles thinks that a new system could be the answer to the labor issue. He believes that farmers are not putting enough effort to making their crops attractive enough to pick for the common person in America. Europe leads the way in having systems where beds are raised so harvesters don't have to be bent over when picking. These systems are expensive but could be the solution in the long run.

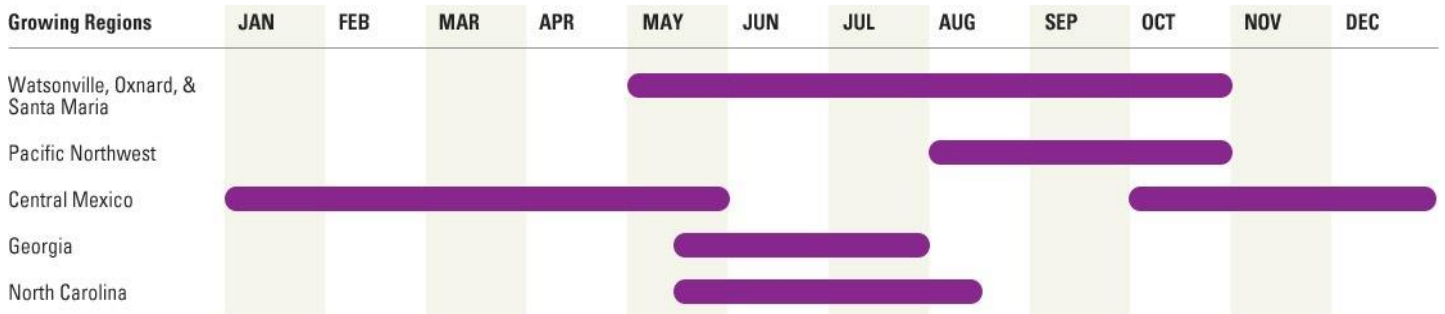
### Changing the Mentality

With the way the berries are grown through multiple growers, the growers sometimes feel like they are in competition with each other. Information doesn't get shared in between growers even though they all grow for the same company. It's a mentality that American farmers have, to

stick with what they know because that's what has worked in the past. With resources being at a low and the company looking to be more efficient, it could be to their advantage to learn from each other, especially from operations around the world. Miles feels like the company in the US can really learn a lot from Europe. The problems with inefficiencies in production have already been dealt with in Europe thanks to their high investment in technologies. This is something the US is still behind in. Miles believes that both parties can exchange information better in order to make the overall mission better. Driscoll's has done a lot to expand their global brand but there is always room for improvement.

## Exhibit 1

## Blackberries Availability Calendar



## ORGANIC



## Raspberries Availability Calendar



**ORGANIC**



## GOLDEN RASPBERRIES



## Strawberries Availability Calendar

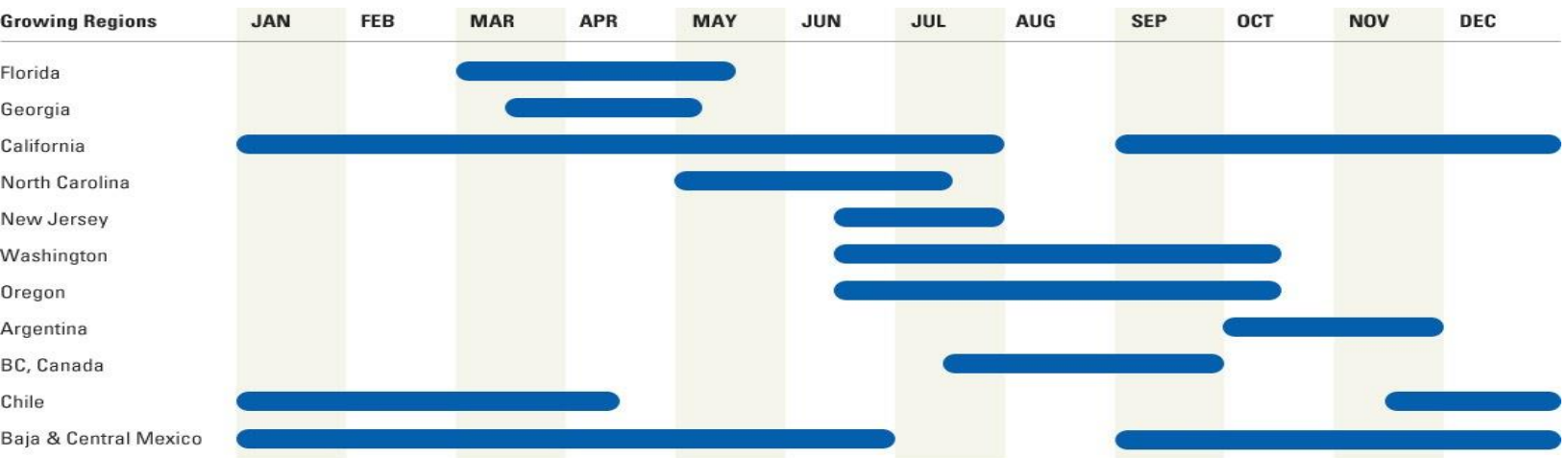


## ORGANIC



## LONG STEM STRAWBERRIES

## Blueberries Availability Calendar



## ORGANIC



Source: “2013 Availability Calendar.” Driscoll’s. Web. May 19 2015.

[http://www.driscolls.com/sites/default/files/2013AvailCal\\_FS.pdf](http://www.driscolls.com/sites/default/files/2013AvailCal_FS.pdf)

## Exhibit 2

Starwberries Producing		Conv	Org
Watsonville and Salinas	Spring	4,100	1,056
	Fall	-	92
Santa Maria	Spring	1,441	-
	Fall	610	195
Oxnard	Spring	1,787	107
	Fall	1,358	180
Baja	Spring	660	590
	Fall	-	-
Florida	Spring	1,083	5
	Fall	-	-
Central Mexico	Spring	3,363	58
	Fall	-	-
Total	Spring	12,434	1,816
	Fall	1,968	467
Grand Total		14,402	2,283

<b>Blackberries Producing</b>	Conv	Org
Watsonville & Salinas	593	242
Washington	124	9
Oregon	72	4
Santa Maria	90	128
Oxnard	71	39
North Baja	69	15
North Carolina	29	-
Georgia	26	-
New East	3	-
Central Mexico	3,068	271
<b>Total</b>	<b>4,146</b>	<b>707</b>

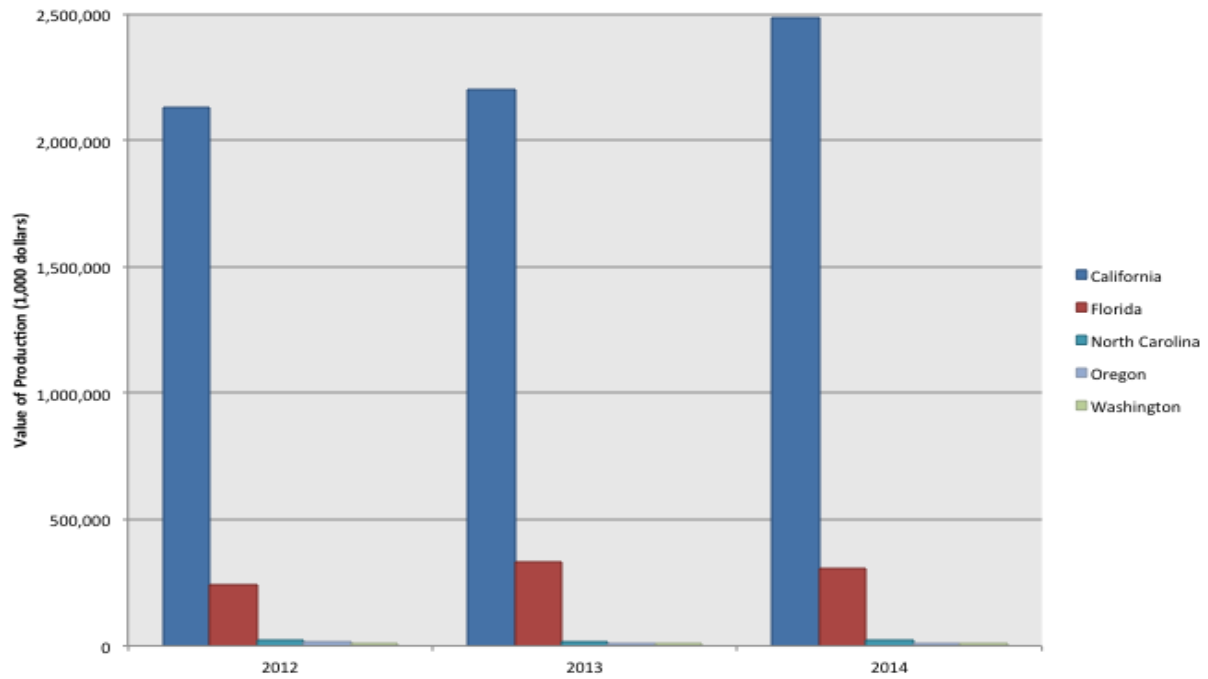
<b>Raspberries Producing</b>	Conv	Org
Watsonville & Salinas	2,378	679
Oxnard	4,935	1,210
Santa Maria	865	131
Baja	955	661
Central Mexico	6,561	673
<b>Grand Total</b>	<b>15,695</b>	<b>3,355</b>



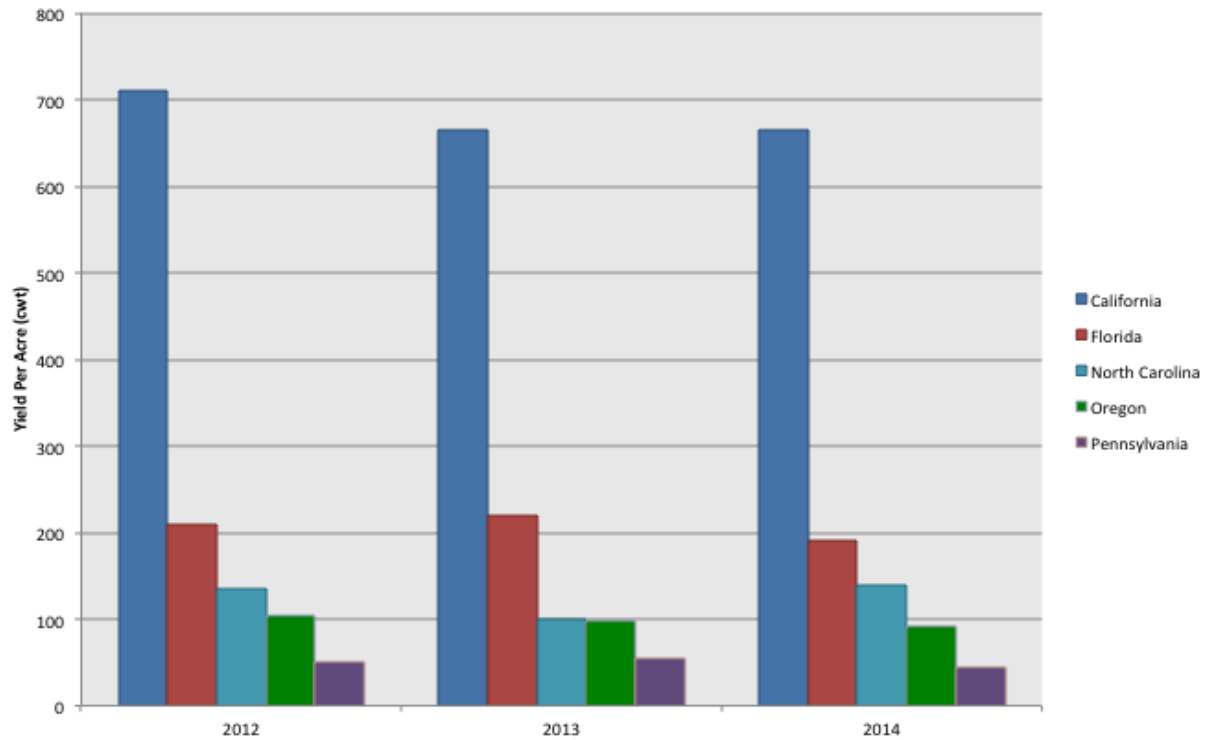
Blueberries Proprietary Producing	Conv	Org
Central Mexico	2,571	72
Florida	422	3
Georgia	141	-
New Jersey	463	5
North Carolina	407	5
British Columbia	467	-
Washington	169	33
Oregon	359	87
Orland	45	
Watsonville & Salinas	22	118
Chile	726	49
Peru	411	
Baja	713.7	115.4
Oxnard	456.3	454.4
San Joaquin Valley	136	149.4
Santa Maria	159.6	88.8
<b>Grand Total</b>	<b>7,670</b>	<b>1,180</b>

**Exhibit 3**

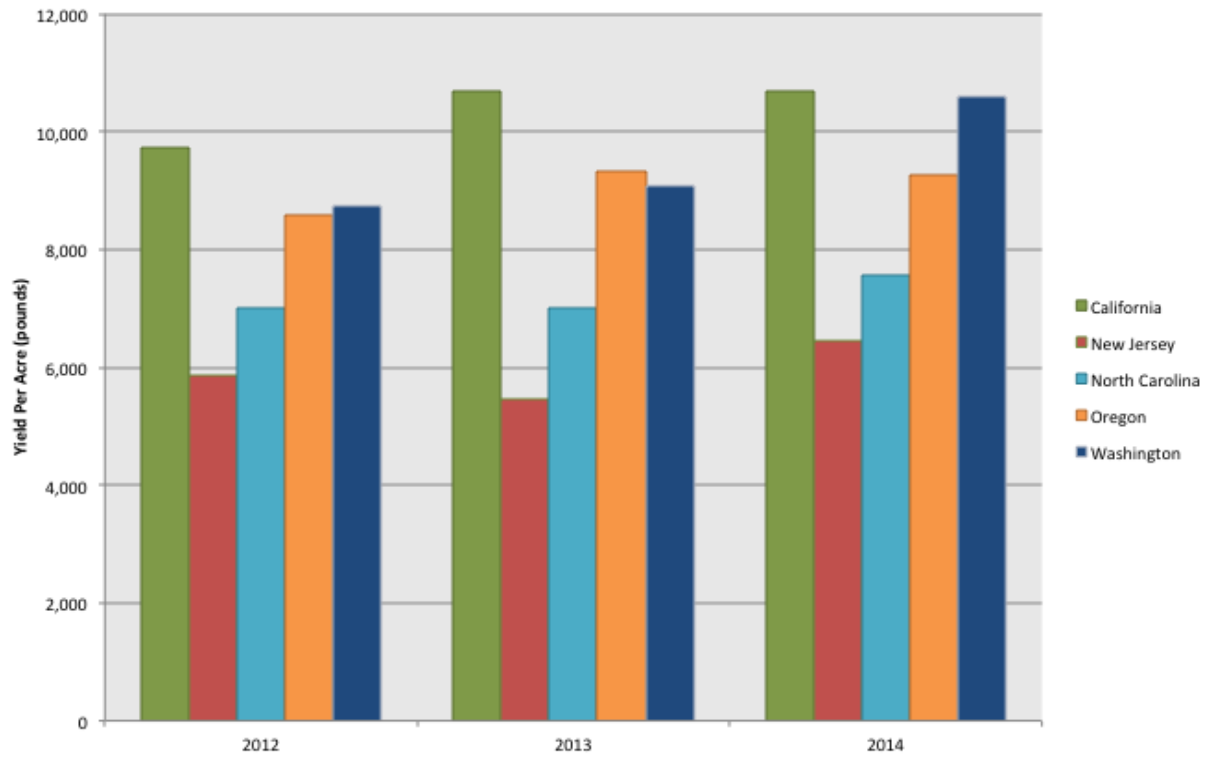
**Strawberry Value of Production by State**



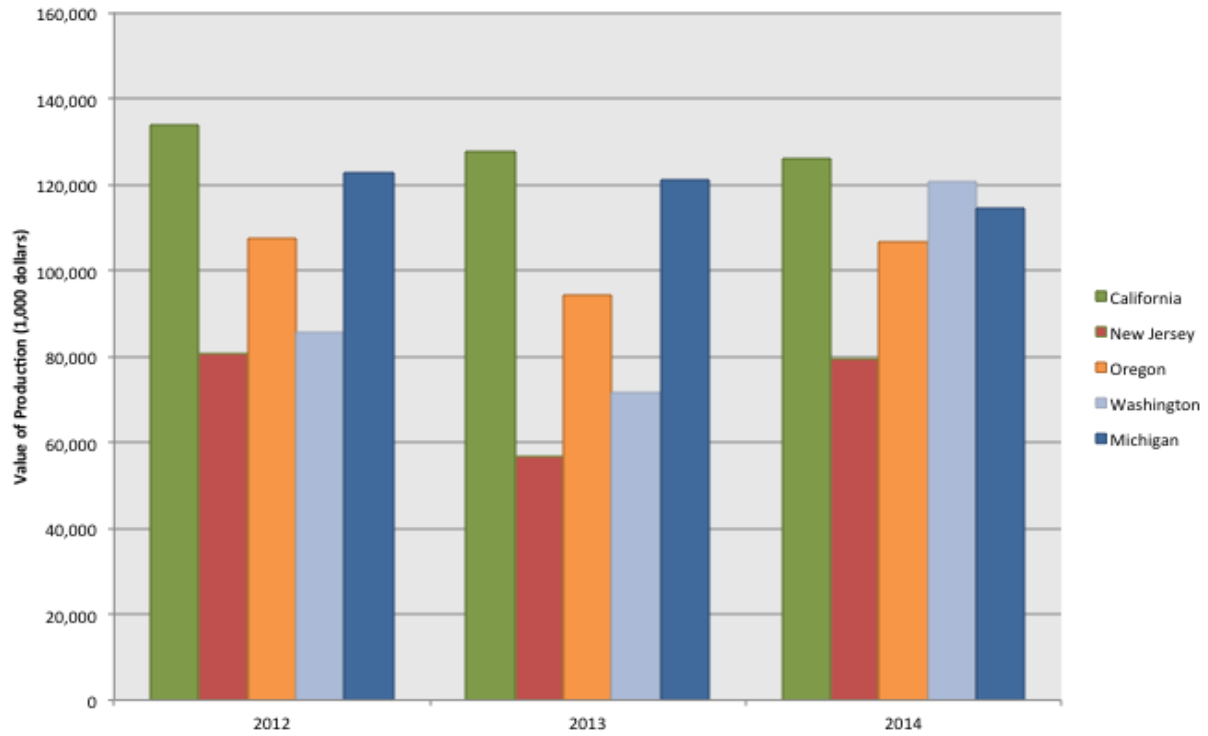
**Strawberry Yield Per Acre by State**

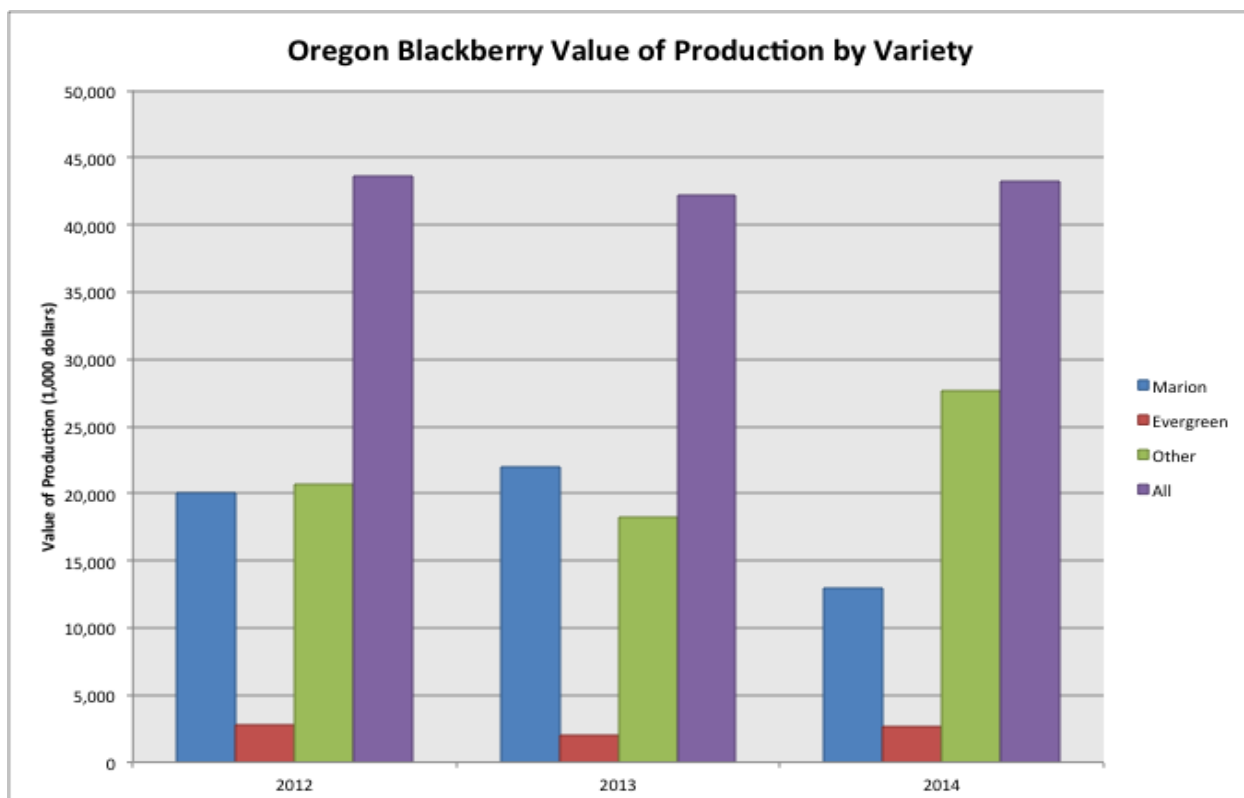
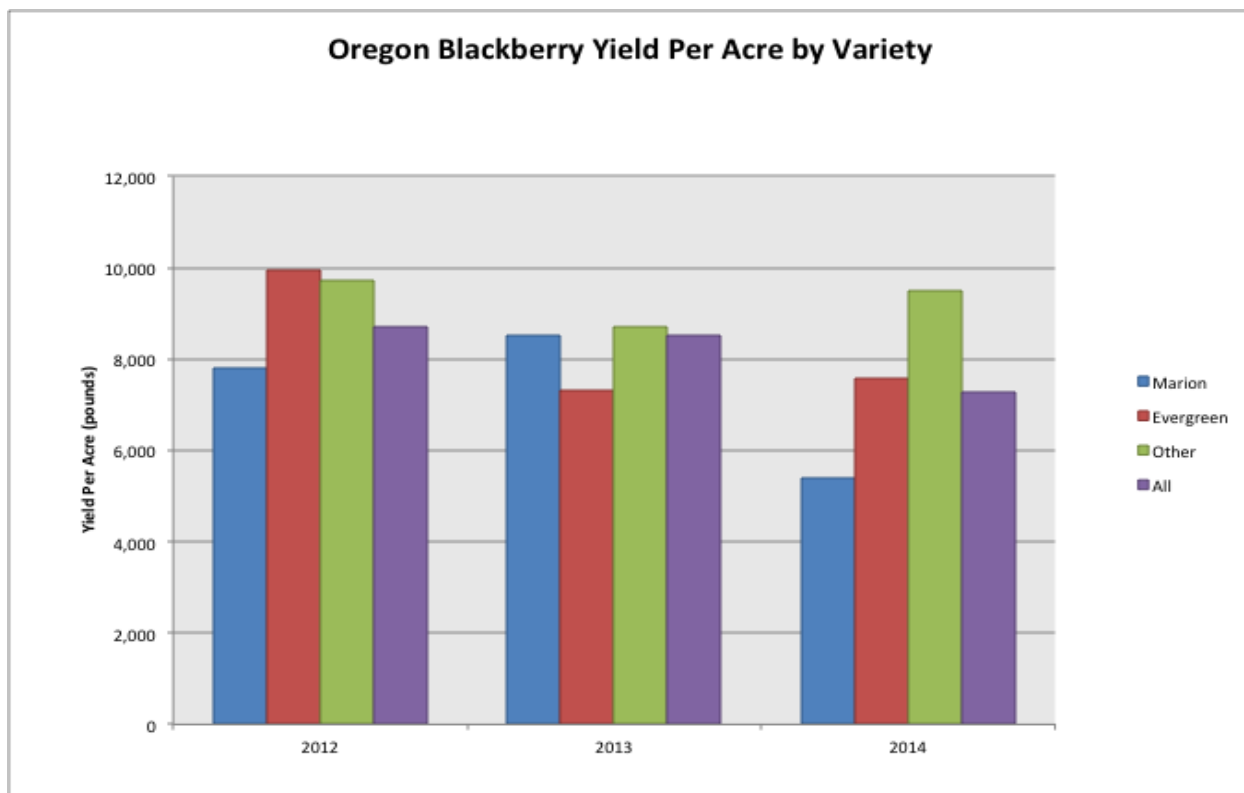


**Cultivated Blueberry Yield Per Acre by State**



**Cultivated Blueberry Value of Production by State**





Source: "Noncitrus Fruits and Nuts 2014 Preliminary Summary". USDA. Web. May 22 2015.  
<http://usda.mannlib.cornell.edu/usda/current/NoncFruNu/NoncFruNu-01-23-2015.pdf>

## Endnotes

---

<sup>1</sup> Reiter, Miles. Personal Interview. May 14 2015.

<sup>2</sup>“About Driscoll’s Our Heritage.” Driscoll’s. Web. May 23 2015.  
<http://www.driscolls.com/about/our-heritage>

<sup>3</sup>“Berry Fresh Strawberries.” Driscoll’s. Web. May 21 2015.  
<http://www.driscolls.com/berries/strawberries>

<sup>4</sup>“An Introductory Guide to Strawberry Plasticulture.” NC State Department of Horticulture. Web. May 24 2015. <http://www.agrireseau.qc.ca/petitsfruits/documents/quebec-poling.pdf>

<sup>5</sup>“Commodity Strawberry Profile.” Agricultural Marketing Resource Center. Web. May 21 2015.  
[http://www.agmrc.org/commodities\\_products/fruits/strawberries/commodity-strawberry-profile/](http://www.agmrc.org/commodities_products/fruits/strawberries/commodity-strawberry-profile/)

<sup>6</sup>“U.S. Strawberry Industry.” Economic Research Service. Web. May 17 2015.  
<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1381>

<sup>7</sup>“Raspberries.” Agricultural Marketing Resource Center. Web. May 21 2015.  
[http://www.agmrc.org/commodities\\_products/fruits/raspberries/](http://www.agmrc.org/commodities_products/fruits/raspberries/)

<sup>8</sup>“Raspberry Varieties.” Indiana Berry. Web. May 17 2015.  
[https://indianaberry.com/info\\_rasp\\_variety.php](https://indianaberry.com/info_rasp_variety.php)

<sup>9</sup>“Blueberries.” Agricultural Marketing Resource Center. Web May 21 2015.  
[http://www.agmrc.org/commodities\\_products/fruits/blueberries](http://www.agmrc.org/commodities_products/fruits/blueberries)

<sup>10</sup>“Berry Fresh Blueberries.” Driscoll’s. Web. May 21 2015.  
<http://www.driscolls.com/berries/blueberries>

<sup>11</sup>“Blackberries.” Agricultural Marketing Resource Center. Web. May 21 2015.  
[http://www.agmrc.org/commodities\\_products/fruits/blackberries](http://www.agmrc.org/commodities_products/fruits/blackberries)

<sup>12</sup>“Berry Fresh Raspberries.” Driscoll’s. Web. May 21 2015.

<http://www.driscolls.com/berries/raspberries>

<sup>13</sup>“Berry Fresh Blackberries.” Driscoll’s. Web. May 21 2015.

<http://www.driscolls.com/berries/blackberries>

<sup>14</sup>“Berry Blog.” Driscoll’s. Web. May 26 2015. <http://www.driscolls.com/community>

<sup>15</sup>“Art of Growing.” Driscoll’s. Web. May 22 2015. <http://www.driscolls.com/about/art-of-growing>

<sup>16</sup>“Driscoll's Raises the Bar on Food Safety and Security Practices; Adds Continuous Monitoring of Shipments on the Road Via Locus Traxx System.” Proquest. Web. May 27 2015.

<http://search.proquest.com/abicomplete/docview/762750496/586E789EA8CA4F84PQ/9?accountid=10362>

<sup>17</sup>“Quality Assurance.” Driscoll’s. Web. May 19 2015.

<http://www.driscolls.com/foodservice/safety/quality.php>

<sup>18</sup>“About Driscoll’s Sustainability.” Driscoll’s. Web. May 22 2015.

<http://www.driscolls.com/about/sustainability>

<sup>19</sup>“Organic Berries.” Driscoll’s. Web. May 22 2015. <http://www.driscolls.com/berries/organic-berries>

<sup>20</sup>“Follow Us To The Farm.” Driscoll’s. Web. May 22 2015. <http://mydriscolls.com/>

<sup>21</sup>“Careers Why Work Here?” Driscoll’s. Web. May 22 2015.

<http://www.driscolls.com/about/careers/why-work-here>

---

